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TO: Appointing Authorities, Personnel Officers, and Payroll Officers

FROM: James A. Carder, Director, Division of Accounting
Alma G. McKinney, Director, Division of Personnel

SUBJECT: Retroactive Salary Advancements

DATE: April 21, 2003

Retroactive salary advancements are prohibited by Article III of the Missouri Constitution. However, in certain circumstances when a technical processing error is made, a salary correction may be permitted. Generally, this means there has to have been some official communication to the employee prior to the effective date of the increase. For the salary to be corrected retroactively, appropriate documentation must be submitted showing when the raise was authorized. The mere thought or intention without action is not sufficient. After the raise has been authorized, a subsequent processing error can be corrected. Such errors might involve entry of an inaccurate date, pay step or rate. It would be difficult to envision a scenario where an error of this type would necessitate going back more than one or two pay periods. When correcting this type of error, the remarks panel of the ESMT must reference the documentation proving the increase had in fact been authorized.

The period of time for retro calculations to be processed on an ESMT by the agency in the SAM II Payroll System was originally established for 60 days prior to the first day of the current pay period. As you know, that means the SAM II System automatically does the retro pay calculation for that time period and pays the employee in the next available pay period. Beyond the 60 days, the agency must calculate the salary difference and request that a 1PAY be processed through the Division of Accounting. Now that payroll and personnel staffs are experienced in SAM II, we are changing the setting for retro calculations to go back 30 days prior to the current pay period, which means that the system will automatically do the calculation for a 30-day period, not 60 days. This change will be effective May 1, 2003. By revising this feature in the system, we want to provide latitude for the agencies to make corrections while monitoring transactions for compliance with the State Constitution.

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Please see that payroll and personnel staffs in your agency are made aware of this communication and the efforts being made to avoid the need for salary correction circumstances. Retroactive pay corrections can be minimized by referring to the Payroll Processing Schedule, entering ESMTs on a timely basis, and observing the Guaranteed Approval Date for Transactions noted on the processing schedule.

The Divisions of Accounting and Personnel will continue to work with agencies to resolve processing errors, and to monitor any requests for retroactive salary increases that appear to emanate for other reasons. If you have questions or need further clarification on this matter, please contact Norma Wieberg in the Division of Personnel at 522-1258, or Vandee DeVore in the Division of Accounting at 522-5863. Thank you for your cooperation and assistance.

AM, JAC:cd, vd